MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BAC2654 – PUBLIC SECTOR ACCOUNTING

(All Section / Groups)

16 OCTOBER 2017
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages with 4 questions only.
2. Attempt **ALL** questions. All questions carry equal marks and distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

A constitution consists of basic principles that determine how a country is established and government as enshrined by laws, customs or rules generally accepted. The constitution is related to how public decisions are made and how power is distributed among government agencies, either at the central government or local government.

Required:

a) Explain briefly on public money and public stores. **(2 marks)**

b) Discuss the revenue category under Financial Provision of the Federal based on Article 96,110,110(1) and 109 of Federal Constitution. **(6 marks)**

c) The Government in Malaysia is classified into three (3) tiers, describe any two (2) tiers in government. **(12 marks)**

d) Explain the concept of 3Es in public sector. **(5 marks)**

(Total: 25 Marks)

QUESTION 2

Public sector has faced many challenges due to the rapid pace of change both in the way services are delivered and in organizational structures and relationships. These changes have meant that the finance and budgetary function had to adapt it to accommodate radically different ways of working and delivering services and to play a key role in developing and maintaining an effective distribution. As new policy developments are introduced the need for effective governance and budgetary control arrangements to ensure probity and sound financial management remain undiminished.

Required:

a) Briefly explain the importances of budget. **(5 marks)**

b) Discuss the elements "Cycle of Programme Evaluation" and "More Generalised Approach to Expenditure" in Modified Budgeting System. **(12 marks)**

c) Elaborate the concept of "new policies", "one off" and "threshold" in Expenditure Target and what factors for Controlling Officers should consider when making proposal for "new policies" and "one-off". **(8 marks)**

(Total: 25 Marks)

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QUESTION 3

a) Discuss the accounting procedure for revenue collected in stamps and revenue in the form of legal tender. **(7 marks)**

b) Elaborate the objectives of financial reporting in the public sector. **(8 marks)**

c) Explain the regulatory framework of consolidated fund in Malaysian public sector accounting. **(10 marks)**

(Total: 25 Marks)

QUESTION 4

Read the case, and then answer the following questions

A-G Report 2015: Excellent financial performance by government agencies

KUALA LUMPUR: The Auditor-General's Report 2015 Series 1 tabled in Dewan Rakyat Wednesday showed excellent financial management performance by government agencies compared to the previous year. Auditor-General Tan Sri Ambrin Buang said 180 ministries, departments and federal government agencies received Excellent (5-star) ratings compared to only 114 in 2014.

"This significant achievement has indicated that the implementation of the Accountability Index has prompted Controlling Officers to do the necessary improvements on financial management," he said in a statement released here, today. He said the report was released earlier than usual this time around (before Prime Minister Datuk Seri Najib Razak who is also the Finance Minister tabled the Budget 2017) as the National Audit Department had received the cooperation of the Department of National Accountant Malaysia.

Every year, the National Audit Department conducts performance audits aimed at assessing the extent of the government's activities and whether its projects were planned, implemented and monitored effectively and efficiently.

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It was also aimed to see the extent of which the main objectives of the programmes, activities and projects are achieved.

Ambrin said the audit was also conducted to assess the extent of public money spent, whether the expenditures were made prudently without extravagance and wastage, and whether it had benefits.

Overall, the Federal Government revenues saw a decline of RM1.537 billion (0.7 per cent) as compared to the previous year. The Income Tax revenue showed an increase of RM1.899 billion (7.8 per cent) and revenue from the Goods and Services Tax (GST) achieved its target at RM27 billion.

"The fall in global crude oil prices had a significant impact on the revenue. The collection of sales and services tax dropped after it was replaced by GST.

He said in the Series 1 report, a total of 70 performance audits and 18 Government Companies' management audits were implemented at the Federal and State levels and the scope of audit covered construction, maintenance, acquisition, management, revenue and company management.

"In order to facilitate corrective actions and improvements by the relevant Department Heads, the National Audit Department has submitted 78 recommendations to the Federal Government, Federal Statutory Bodies (43) and the State (181) to improve their weaknesses.

{Source:https://www.nst.com.my/news/2016/05/146314/g-report-2015-excellent-financial-performance-govt-agencies [access on 12th July 2017]}

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Required:

a) Besides financial audit, Auditor-General Department also carries out compliance audit and performance audit. Provide comparative analysis between financial audit, compliance audit, and performance audit. **(9 marks)**

b) In the above case, Controlling Officers at respective ministries, departments, and agencies are expected to ensure achievement of Accountability Index. Elaborate the components of accountability index. **(9 marks)**

c) Discuss how auditing supports public sector accountability framework? **(7 marks)**

(Total: 25 Marks)

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